

JEI

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Japan's Middle East Commitments Scrutinized On Capitol Hill

Japan's September 14 announcement that it would increase its special assistance to the Middle East to approximately \$4 billion came on the heels of escalating congressional criticism of the level of allied contributions to the U.S. military operation there. Tokyo initially had committed about \$1 billion in logistical aid to multilateral forces opposing Iraq's invasion of Kuwait, with additional amounts to aid evacuees and Middle East nations, such as Jordan, Turkey and Egypt, adversely affected by the crisis (see JEI Report No. 35B, September 14, 1990). As Congress began to examine the costs of American initiatives in the Persian Gulf many legislators grew increasingly critical of apparent disparities in support from U.S. allies, particularly Japan and West Germany.

The most forceful sign of dissatisfaction with Japanese and West German initial contribution levels in the Middle East was seen in a 370-53 House vote during the debate on a \$283 billion FY 1991 defense authorization bill. The September 12 vote was to adopt a burdensharing amendment introduced by Rep. David Bonior (D, Mich.) under which 5,000 U.S. troops a year would be withdrawn

Trade and Payments Data

(in millions of dollars unless otherwise indicated)

	1988	1989	January- June 1989	January- June 1990	April 1990	May 1990	June 1990
<u>Japan's Balance of Payments</u>							
Trade Balance	\$95,012	\$76,917	\$41,105	\$28,086*	\$4,024*	\$2,615*	\$7,054*
Exports (f.o.b.)	259,765	269,570	133,505	130,844*	21,175*	21,103*	23,106*
Imports (f.o.b.)	164,753	192,653	92,400	102,758*	17,151*	18,488*	16,052*
Current Account Balance	79,631	57,157	30,347	20,550*	2,002*	1,461*	4,782*
Long-Term Capital (net)	-130,930	-89,246	-36,413	-34,807*	-5,343*	-5,557*	-7,821*
Overall Balance	-28,982	-33,286	-2,926	-8,003	-19,836	8,891	3,008
International Reserves (end of period)	97,662	84,895	89,462	73,649	73,024	73,557	73,649
<u>Japan's Customs Clearance Trade</u>							
Trade Balance	77,563	64,328	33,394	25,760	3,543	3,108	6,693
Exports (f.o.b.)	264,917	275,175	135,829	133,962	21,916	21,546	23,782
Cars	38,671	38,804	19,804	19,759	2,987	2,958	3,269
Steel	15,322	14,789	7,598	5,882	987	980	1,003
Imports (c.i.f.)	187,354	210,847	102,435	108,202	18,373	18,438	17,088
Crude Oil	18,852	21,544	10,273	12,375	2,204	1,708	1,546
Manufactured Products	91,838	106,111	51,058	55,180	9,608	9,394	8,949
<u>Japan-U.S. Trade</u>							
Trade Balance	47,597	44,943	22,060	17,032	2,451	2,421	3,224
Exports (f.o.b.)	89,634	93,189	45,724	42,602	6,734	6,812	7,393
Imports (c.i.f.)	42,037	48,246	23,663	25,570	4,283	4,390	4,169
<u>Yen-Dollar Exchange Rate</u>							
(average for period)	Y128.15	Y137.96	Y133.26	Y151.58	Y158.47	Y153.52	Y153.77
<u>U.S. Trade</u>							
Trade Balance	-118,526	-109,399	-49,592	-41,111*	-6,112	-6,925	5,925*
Exports (f.a.s.)	322,426	363,812	183,079	198,180*	32,600	33,678	34,530*
Imports (Customs)	440,952	473,211	232,671	239,291*	38,712	40,603	40,455*
<u>U.S.-Japan Trade</u>							
Trade Balance	-51,793	-49,059	-24,424	-19,589*	-3,952	-2,966	-3,069*
Exports (f.a.s.)	37,725	44,494	21,847	23,484*	3,603	3,736	4,182*
Imports (Customs)	89,518	93,553	46,271	43,073*	7,555	6,702	7,251*

*Preliminary

Japanese Economic Indicators

(percent change from year-earlier period unless otherwise indicated)

	1988	1989	January- June 1989	January- June 1990	April 1990	May 1990	June 1990
<u>Discount Rate</u> (end of period)	2.5%	4.25%	3.25%	5.25%	5.25%	5.25%	5.25%
<u>Outstanding Money Supply</u>	11.2%	9.9%	10.0%	12.3%	13.2%	13.2%	12.6%
<u>Industrial Production</u>	9.5%	6.1%	7.8%	2.6%	3.1%	4.3%	3.0%
<u>Manufacturing Operating Rate</u>	5.9%	2.2%	3.6%	0.8%	1.4%	3.0%	-0.3%
<u>Number of Bankruptcies</u>	-20.0%	-28.4%	-26.2%	-25.5%	-22.4%	-24.1%	-18.7%
<u>Residential Construction Starts</u>	0.6%	-1.3%	-2.5%	4.3%	0.5%	8.4%	7.8%
<u>Job Openings to Applications</u> (ratio)	1.01	1.26	1.21	1.38	1.34	1.41	1.47
<u>Nominal Wages</u>	3.8%	4.7%	4.6%	5.3%	4.5%	5.1%	7.3%
<u>Manufacturing Labor Productivity</u>	11.5%	6.2%	10.1%*	2.2%*	n.a.	n.a.	n.a.
<u>Wholesale Prices</u>	-1.0%	2.5%	1.7%	2.7%	2.7%	1.7%	0.9%
<u>Consumer Prices</u>	0.7%	2.3%	1.9%	2.9%	2.5%	2.7%	2.2%
<u>Yen-Based Export Prices</u>	-2.2%	4.4%	4.1%	6.0%	9.1%	5.4%	2.3%
<u>Yen-Based Import Prices</u>	-4.6%	7.7%	5.0%	10.2%	13.3%	7.0%	3.0%

*Through March of each year only.

For Japan's latest GNP figures, see JEI Report No. 13B, March 30, 1990.